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SECURITY INFORMATION

Comptroller

8 April 1952

Finance Division

Policy Protection of Funds
Reimbursement for the Cost of Travelers Checks Used in the
Protection of Government Funds Advanced to Individuals

- REFERENCES: (1) DD/A's memo to Comptroller dated 4 October 1951
(2) Finance Division's memo to Comptroller dated 12 November 1951
(3) Comptroller's memo to DD/A dated 19 November 1951
(4) Comptroller's memo to General Counsel dated 26 November 1951
(5) General Counsel's memo to Comptroller dated 11 March 1952

1. In attached references 1 through 5 above, the question of adequately protecting Government funds advanced to individuals was discussed, particularly as it related to the recent case of an employee who lost, or had stolen, the sum of \$750.00 advanced to him. As an outgrowth of the case, the Finance Division prepared a memorandum to the Comptroller, dated 12 November 1951, outlining steps taken to protect Government funds. The memorandum recommended the purchase of travelers checks at Government expense as the best method of protecting Government funds. In a memorandum dated 11 March 1952, the Office of the General Counsel indicated that it would be legally objectionable to authorize payment from Agency funds of the fee for the purchase of travelers checks without regard to the actual end use of the checks. He further advised that reimbursement of travelers checks used for travel expenses was barred by a Comptroller General's decision. However, the Finance Division continues to feel that travelers checks, or similar instruments, offer the most practical and economical means of affording protection for Government funds advanced to individuals and feels that they should be used wherever deemed possible.

2. Accordingly, the following points relating to the use of travelers checks are brought to your attention:

a. The situation of our employees and agents is materially different from the situation of employees traveling for other Government agencies. In most agencies, all transportation is purchased by the department concerned prior to the departure of the employee, or is purchased for him enroute by the various embassies, consulates, or other offices through which he passes. Where such a procedure is not feasible, the traveler is given a book of transportation requests and an identification card with which he may procure transportation almost anywhere in the world. The traveler may, as he travels, submit partial claims for per diem at each post and thus is seldom out of pocket for more than a few days' per diem expenses. Thus there is no occasion for large advances and

it is entirely reasonable that for his day to day expense the traveler should be responsible for the protection of his own funds just as he would be at his permanent station.

The situation of employees, or agents, in this Agency, however, is very different. Some transportation may be purchased here at Headquarters, but for any deviations from the main route the individual must usually buy his ticket from funds carried by him. Frequently, he is not in contact with a Finance Officer, and he is usually instructed not to secure advances from persons or stations in the field except in an emergency. In some cases, there is not even an emergency source of funds available to him and he must carry large sums for contingencies. He is not given adequate identification and thus frequently cannot, and perhaps should not for security reasons, cash personal checks. Sometimes advances of several thousands of dollars must be carried. Most countries of the world have currency controls and it is either impossible, due to regulations, to import or export large sums of cash, or it would attract unusual attention to the traveler to do so. To fail to declare large sums of cash might subject the traveler to severe penalties. Thus the traveler is frequently required to expend personal funds for travelers check fees in order to complete his mission.

It is to be noted that the Standardized Government Travel Regulations (paragraph 8d) authorize "charges covering exchange fees for cashing United States Government checks or drafts issued in reimbursement of expenses incurred for travel in foreign countries. . ." Such checks if issued monthly for reimbursement of transportation and per diem expenses would obviate the necessity for carrying travelers checks in many cases, since they would provide both security for the funds and negotiable dollar instruments.

Also, Section 79 of the Standardized Government Travel Regulations now provides that "Miscellaneous expenditures, not enumerated herein, when necessarily incurred by the traveler in connection with the transaction of official business, will be allowed when approved by the administrative official". It is submitted for your consideration that the purchase of travelers checks, necessitated by Agency procedures, for use in procuring transportation and in meeting other necessary travel expenses falls squarely within the category of "expenditures incurred . . . in connection with the transaction of official business". It is not felt that funds advanced by this Agency for the above purposes are "privately owned funds" within the meaning of the Comptroller General's decision.

b. To the best of our knowledge, the payment of travelers check fees for persons authorized to travel on an actual expense basis has neither been covered specifically by the regulations nor, prior to 11 March 1952, by a decision from the Office of the General Counsel. It is our present practice to allow reimbursement of the entire fee

for the costs of travelers checks for individuals authorized to travel on an actual expense basis, since it appeared the intent in such cases was to cover all out of pocket expenses of the employee.

c. As indicated in "a" above, it is frequently necessary for the traveler to carry additional funds which he may or may not spend. Some of these funds are for possible additional travel; others are for possible entertainment, purchases of information or operational payments. The exact total to be expended cannot always be anticipated. Frequently intended large-scale operations do not develop. Thus the individual is in the position of having expended sums for operational purposes for which he can secure no reimbursement. It appears that this expense might well be considered developmental or exploratory in its nature and thus be considered as reimbursable.

d. The General Counsel's opinion related only to travelers checks. Banking facilities from country to country vary, as do the individual circumstances of the trip, and in some cases funds are more conveniently and more securely carried as Cashier's Checks, certified checks, letters of credit, or money orders.

3. For the reasons indicated above, we would appreciate your consideration of these questions:

a. Is there sufficient justification to warrant reconsideration of reimbursements for fees, either transportation or per diem expenses, where the individual is authorized reimbursement on a per diem basis?

b. If the answer to "a" is no, is the reimbursement of the cost of travelers check fees for travel expenses likewise barred for persons traveling on an actual expense basis? (If so, it is recommended that no attempt be made to collect refunds for payments already made.)

c. If "a" above is approved, may reimbursement be made for the cost of fees for any unused checks? If "a" above is not approved, may reimbursement be made for the cost of fees for checks purchased solely for operational purposes but not used?

d. In all cases where the costs of travelers check fees are not allowable, are we correct in assuming that the costs of other negotiable instruments are likewise not allowable?


Chief, Finance Division

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Attachments

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